

11 December 2003

Tripartite Social Summit

Brussels, 11 December

**Intervention of Mr Jacques Schraven
Vice-president of UNICE**

Presidents, Prime Ministers, Ministers, Commissioners,
Colleagues,

In the absence of President Strube, I have been asked in my capacity as vice-president of UNICE to make the introductory remarks on behalf of employers.

Let me start by thanking the Italian Presidency for giving us the opportunity to discuss at this extraordinary Tripartite Social Summit measures that need to be taken to improve prospects for economic growth and employment in Europe.

Economic situation

Recovery is on the horizon. The latest real economic indicators are confirming the improvement that was initially reflected mainly in the business and consumer climate surveys. Nevertheless, the improvements remain fragile and must be strengthened.

In this regard, fiscal discipline is key for sustainable growth. Confidence in the economic framework must be preserved. It is essential that governments live up to their responsibilities and respect the Stability and Growth Pact which has to maintain the stability and foster growth.

Sustainable growth in an enlarged Europe will only come through competitiveness. The solution lies in the implementation at national level of structural reforms, in order to achieve the goals set in the Lisbon Strategy. Efforts for reforms have emerged in several

European countries, but they need to be accelerated. This has been a priority of the Italian presidency and needs to be maintained by the Irish and the Dutch Presidencies.

One month ago, UNICE organised the first “European Competitiveness Day” here in Brussels to remind policy-makers of the crucial role that increasing companies’ competitiveness can play in unleashing Europe’s growth potential. Companies are tied down by too many obstacles. It is time for a real commitment from decision-makers to put resources where the growth drivers are, with specific attention to investment in infrastructures, R&D, education and training.

The Growth Initiative

The recent “Growth initiative” is welcome. Elimination of administrative and regulatory barriers, particularly for cross-border projects, facilitating public-private partnership in financing of projects and investment in infrastructures, R&D, education and training are part of the solution to Europe’s growth challenge.

But the initiative will only bear fruit if it does not jeopardise stability, if the projects are aimed at increasing the overall competitiveness of Europe and are carried out in a better regulatory environment. Here, also, there are more words than real actions. It is a concern for business, for instance, that nine Member States have not yet transposed the first EU railway package, although the deadline was 15 March 2003.

Kok Report

European employers welcome the report of Mr Kok’s Task Force. We fully share the straightforward message of its analysis: reforms need to be urgently carried out if the EU is to meet the Lisbon objectives on employment, namely 70% for overall employment, 60% for the employment rate of women and 50% for older workers by 2010, and the intermediate targets for 2005: 67% for the overall employment and 57% for women.

The report provides a balanced set of proposals for action, aimed at both boosting employment creation and encouraging people to take up available jobs. It gives their rightful place to issues like economic growth, entrepreneurship, and research and innovation.

But we insist that this should not be yet another report. To make a real difference governments must act. We count on the Irish and the Dutch Presidencies to keep the report alive and to build on it. We have no time to lose if we want citizens to take Europe seriously.

Moreover, all recommendations have to be implemented. Member States should not cherry-pick the least controversial measures to implement.

For instance, lifelong learning is important in a knowledge-based economy, but the report contains other recommendations on entrepreneurship, flexibility for both companies and workers, active ageing, reduction of non-wage labour costs, wage differentiation that are also crucial to increase employment in Europe.

We welcome the thrust of the recommendations in the report. Nevertheless, we would like to nuance some of them.

- In its focus on encouraging new employment creation, the report could be misinterpreted as targeting service activities and paying insufficient attention to science and technical skills which are indispensable to maintain industrial activity in Europe.
- Reduction of red-tape is important not only for new businesses, but also for existing companies and particularly for SMEs which are the engine of economic growth.
- Reduction of non-wage labour costs should not only focus on low-skilled, but should also apply to skilled labour, since this is determinant for the competitiveness of a knowledge-based economy.
- We feel there is an over-emphasis on training funds as a means to increase company investment in training by sharing costs between employers. A more nuanced approach would have been desirable. A recommendation to create the right incentives both for employers and individuals to engage in lifelong learning would be more effective and more in line with the approach advocated in the framework

of actions of the European Social Partners on this subject adopted in March 2002.

Articulation between EU and national level

The EU needs a coherent strategy for growth and competitiveness if we want to have more employment. Most of the necessary actions will be taken at national level but EU-level initiatives should be coherent with the content of initiatives such as the Growth Initiative or Mr Kok's report.

For instance, the EU level should avoid proposing initiatives which undermine the reform agenda or hold back investments. This means a fundamental rethink the content of proposals such as the new draft directive on cross-border mergers, or on temporary agency work, or avoiding proposing unnecessary revisions of existing legislation such as the European Works Council directive, or additional proposals for a directive on data protection.

Moreover, EU should check for coherence through impact assessments for new EU legislative proposals. UNICE believes that an independent body should be set up for this purpose. This should ensure the development of coherent and streamlined legislation that would not hamper EU competitiveness and should avoid having legislative proposals such as REACH on chemical industry, which as currently drafted will have a considerable negative impact on the whole of EU industry.

Conclusion

To conclude, we are discussing here today two important initiatives aimed at relaunching the European economy. On paper, they have most of the ingredients for success, but Europe does not need paper. It needs real action now.

We count on the European Summit tomorrow and on the Irish and the Dutch presidencies to build proactively on these two initiatives. The Tripartite Social Summit in March next year will give us the opportunity for a reality check.
